

# UAC INSURANCE MUTUAL

## *Board of Trustees Meeting*

Thursday, October 15, 1998, 9:30 a.m.

Utah Association of Counties Offices

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9:30	Call to Order	Gary Herbert
	Review of Board Members Absent	Gary Herbert
	Approval of September 3, 9 and 23, 1998 Minutes	Gary Herbert
	Board of Trustees Nominations	Brett Rich
	Membership Meeting Agenda	Brett Rich
	Review and Discuss 1999 Insurance Proposals	Brett Rich
	Broker Report	Rich Stokluska
	Director's Report	Brett Rich
	Loss Control Manager's Report	Shawn Guzman
	Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation	
	Action on Litigation Matters	Kent Sundberg
11:30	Lunch	
	Set Date and Time for Closed Meeting to Discuss the Character, Professional Competence, or Physical or Mental Health of an Individual	
	1998 Budget Amendment(s)	Brett Rich
	Summary of August 1998 Financial Statements	Brett Rich
	Second & Third Quarter Broker Evaluation	Gary Herbert
	Other Business	Gary Herbert
2:00	Adjourn	



## UACIM BOARD OF TRUSTEES MEETING

### MINUTES

October 15, 1998, 9:30 a.m.  
Utah Association of Counties Offices

#### BOARD MEMBERS PRESENT

Gary Herbert, *President*, Utah County Commissioner  
Jerry Hess, *Vice President*, Davis County Deputy Attorney  
Dannie McConkie, *Secretary/Treasurer*, Davis County Commissioner  
Tony Dearden, Millard County Commissioner  
Ty Lewis, San Juan County Commissioner  
Monte Munns, Box Elder County Assessor-Treasurer  
Tex Olsen, Sevier County Commissioner  
Ed Phillips, Millard County Sheriff  
Kent Sundberg, Utah County Deputy Attorney  
John Swasey, Duchesne County Commissioner

#### BOARD MEMBERS ABSENT

Chad Johnson, Beaver County Commissioner

#### OTHERS PRESENT

Brent Gardner, UAC Executive Director  
Brett Rich, Director, UACIM  
Shawn Guzman, UACIM Loss Control Manager  
Sonya White, UACIM Administrative Assistant  
Rich Stokluska, GRMS Account Executive  
Doug Alexander, McLarens Toplis Claims Manager

#### CALL to ORDER

Jerry Hess called the meeting to order and welcomed those in attendance. Jerry conducted the meeting until Gary Herbert's arrival.

#### REVIEW of BOARD MEMBERS ABSENT

Chad Johnson requested to be excused from this meeting due to prior commitments. Tony Dearden made a motion to excuse Chad from this meeting. Monte Munns seconded the motion, which passed unanimously.

#### APPROVAL of MINUTES

The minutes of the Board of Trustees meeting and telephonic conferences held on September 3, 9 and 23, 1998 were previously sent to the Board Members for review. Tex Olsen made a motion to approve the minutes as written. Ed Phillips seconded the motion, which passed unanimously.

#### BOARD of TRUSTEES NOMINATIONS

Pursuant to Article 5.5 of the Bylaws, nominations for the Board of Trustees will be accepted no later than 14 days prior to the annual meeting. Those Trustees up for re-election are Gary Herbert, Chad Johnson, Ty Lewis, Monte Munns and John Swasey. Monte, who represents the first, second, third class counties requested not to be placed on the ballot for re-election and John Swasey, who is an at-large representative, was defeated in the primary election. Gary is willing to serve for another year if re-elected. The Board nominated several officials and directed Brett Rich to contact them to see if they are willing to be listed on the ballot. Nomination forms will be sent to all member county officials.

#### MEMBERSHIP MEETING AGENDA

The Board discussed items to be addressed before the membership at the annual meeting scheduled for November 11, 1998. The agenda was set and will be mailed to all member county elected officials and insurance coordinators. The Board directed Shawn Guzman to determine awards for members in the following categories: *Best Loss Ratio*, *Most Improved Loss Ratio* and *Most Compliant* to be presented at the UAC Closing Banquet on November 13, 1998.



## 1999 INSURANCE PROPOSALS

Brett Rich reported that for the last few years the Board has discussed the possibility of changing from an excess insurance program to a reinsurance program. UACIM has been unable to take advantage of reinsurance until now. With the excess insurance program, UACIM purchases excess policies on behalf of the member counties. These excess policies have a self-insured retention, which is the coverage UACIM provides up to the stop-loss policy. Changing to reinsurance, UACIM will have its own coverage document and reinsure above that document. Brett has discussed this program with the Insurance Department, the actuary and the accountants and found no dissenting implications except that the actuary is required to conduct a separate study to evaluate the gross and net exposure of the program. The study will cost approximately \$1000-1500.

Brett and John Chino have been working on the UACIM coverage document for several months. The document is based on New Mexico's pool document and is customized it to fit UACIM member needs. The final document will be clearer, shorter and easier to use and read. The draft document has been submitted to reinsurance carriers for review in offering a proposal to UACIM. Rich Stokluska marketed the document and presented a quote comparison chart to the Board. UACIM's expiring amount with the Great American excess program is \$2,190,654. The lowest bid through Signet Star reinsurance program is \$2,043,796. APEX Insurance Company is the exclusive underwriter for Signet Star as well as the exclusive underwriter for Great American. Therefore, UACIM would not be changing underwriters if the Board elects to reinsure through Signet Star.

Brett explained if UACIM was to lose its excess carrier in the event of a catastrophic loss, UACIM is not obligated to assume responsibility for any debts under the excess program. With a reinsurance agreement, UACIM is responsible for all losses. With the excess program, UACIM has an unlimited stop-loss policy but under reinsurance the limit will go to \$2,000,000 excess of the self-insured retention \$1,500,000. Rich assured the Board that in negotiations with Signet Star, it is not their intention to leave UACIM hanging in the event losses exceed \$3,500,000 and will allow the purchase of additional limits. He also explained that with the Signet Star program, UACIM will no longer need to purchase the additional excess liability limits as well as earthquake and flood limits—these are included in the program.

Ty Lewis made a motion authorizing Brett to continue negotiations with Signet Star and present any final contract to the Board for approval. Tony Dearden seconded the motion, which passed unanimously.

## BROKER REPORT

Rich Stokluska had no other items to report other than the reinsurance program marketing results.

## DIRECTOR'S REPORT

Brett Rich reported that he has met again with the other insurance pool agencies (URMMA, ULGT and School Boards) to make changes to the legislation which was proposed by Tom Hatch several years ago. They will meet again on October 20.

## LOSS CONTROL MANAGER'S REPORT

Shawn Guzman reviewed his written report with the Board (see attachment #1).

Shawn's activities for the last month included:

- Conducted 21 sexual harassment training sessions. A recent Supreme Court decision emphasized the need for ongoing sexual harassment training.
- Attending Jail inspections as his schedule permits. Commissioners have expressed that they would like to receive a copy of the inspection report as available. Ed Phillips will present this request at the next Sheriffs Association meeting.
- Completed Wayne County's personnel policies and will begin working on Piute County's. The Personnel Committee will take a more active role in personnel issues.
- Reported on medical care in county jails to the commissioners at their September workshop. Sheriffs Association recognizes the need and is proposing to pool jails together to get professional medical care from organizations that provide these services nationwide. This issue is on hold until jail reimbursement is taken care of on a legislative level.
- Conducted a Road Department Safety Workshop in Utah County and has one scheduled for San Juan.
- Physical Training Standards Workshop scheduled for today. Randy Means will address representatives from the Sheriffs Association and county personnel directors
- Personnel Committee met in September and set the dates of the Personnel Workshop for May 12-13 in Cedar City.



#### SET DATE and TIME for CLOSED MEETING

Kent Sundberg made a motion to set the date and time for a closed meeting to begin at 12:35 p.m. on October 15, 1998, to discuss pending or reasonably imminent litigation. Ed Phillips seconded the motion, which passed unanimously.

Ed Phillips made a motion to conclude the closed meeting at 12:50 p.m. on October 15, 1998. Jerry Hess seconded the motion, which passed unanimously.

#### ACTION on LITIGATION MATTERS

Kent Sundberg made a motion authorizing settlement on claim number 801UTA97825402 up to an amount of \$35,000. Dannie McConkie seconded the motion, which passed unanimously.

Kent Sundberg made a motion authorizing settlement on claim number 801DAV967015 up to an amount of \$76,000. Monte Munns seconded the motion, which passed unanimously.

Kent Sundberg made a motion authorizing settlement on claim number 801UIN947008 up to an amount of \$50,000. Monte Munns seconded the motion, which passed unanimously.

Kent Sundberg made a motion authorizing settlement on claim number 801KAN988466 up to an amount of \$45,000. John Swasey seconded the motion, which passed unanimously.

Kent Sundberg made a motion to add John Chipman to the authorized defense attorney list. Monte Munns seconded the motion, which passed unanimously.

#### SET DATE and TIME for CLOSED MEETING

Dannie McConkie made a motion to set the date and time for a closed meeting to begin at 12:50 p.m. on October 15, 1998, to discuss the character, professional competence or physical or mental health of an individual. Kent Sundberg seconded the motion, which passed unanimously.

Tony Dearden made a motion to conclude the closed meeting on October 15, 1998. Dannie McConkie seconded the motion, which passed unanimously.

#### 1998 BUDGET AMENDMENT(S)

Brett Rich explained that he has researched budgetary requirements and has found that the Utah Code is unclear relating to requirements for public agency insurance mutuals. Jerry Hess made a motion that although the code is unclear, as good practice the budget will be adjusted to reflect an additional \$10,000 in the *Other Expenses* line item taken from the *Interest Expense* line item. Ed Phillips seconded the motion, which passed unanimously.

#### SUMMARY OF AUGUST 1998 FINANCIAL STATEMENTS

Brett Rich reviewed the financial statements for the month ending August 1998 with the Board. The *Balance Sheet* shows the total surplus at \$2,707,567. The surplus account is growing rapidly because premiums have been maintained at the same level and the interest income is greater than anticipated. A reinsurance program will add an additional \$100,000 to surplus.

#### SECOND & THIRD QUARTER BROKER EVALUATION

Brett Rich reported that he has gone through the broker evaluation performance standards and does not see any problem on any of the standards. He commended Rich Stokluska for his work in marketing the reinsurance program. He recommended that the Board approve compensation for second and third quarter 1998. Kent Sundberg made a motion to approve the second and third quarter broker performance compensation. Jerry Hess seconded the motion, which passed unanimously.

#### OTHER BUSINESS

The next meeting of the Board of Trustees will be held on December 17, 1998 at 9:30 a.m. at the UAC offices.

Approved on December 17, 1998

  
Dannie R. McConkie, UACM Secretary-Treasurer  
Davis County Commissioner





## AFFIDAVIT OF GARY R. HERBERT

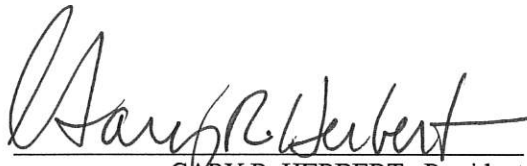
STATE OF UTAH                                 )  
  :ss  
COUNTY OF SALT LAKE                    )

Gary R. Herbert, being duly sworn upon oath, deposes and says:

1. That the affiant has personal knowledge of the matters hereinafter referred to in this Affidavit.
2. That the Affiant, on or about the 15 day of October, 1998, presided over a meeting of the Utah Association of Counties Insurance Mutual Board of Trustees, an open and public meeting within the provisions of Chapter 4, Title 52, Utah Code Annotated, 1953, as amended.
3. That a quorum of the Utah Association of Counties Insurance Mutual Board of Trustees was present and at least two-thirds of the members present, voted to close the meeting pursuant to the provisions of Section 52-4-4, Utah Code Annotated, 1953, as amended, for the purpose of discussing the character, professional competence, or physical or mental health of an individual.
4. That the affiant was present throughout the meeting and, pursuant to the provisions of Section 52-4-7.5, the affiant does hereby affirm that the sole purpose for closing the meeting was to discuss the character, professional competence, or physical or mental health of an individual or individuals.

FURTHER, Affiant saith not.

DATED this 15 day of October, 1998.

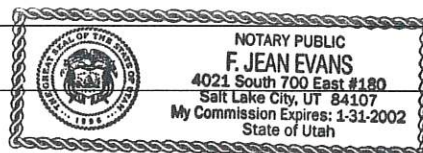
  
GARY R. HERBERT, President  
Utah Association of Counties Insurance Mutual

On the \_\_\_\_\_ day of \_\_\_\_\_ 1998, personally appeared before me Gary R. Herbert, who, after being by me duly sworn, deposed and said that the information contained in the above and foregoing Affidavit is true and correct.

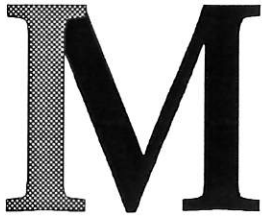
  
NOTARY PUBLIC

Residing at: \_\_\_\_\_

My Commission Expires: \_\_\_\_\_







UTAH ASSOCIATION  
OF COUNTIES  
INSURANCE MUTUAL

5397 South Vine Street  
Salt Lake City, UT 84107  
(801)265-1331 Fax (801)265-9485

**Loss Control Report**

October 15, 1998

Sexual Harassment Training:

Conducted 21 sexual harassment training workshops in Utah County (Sheriff's Office) and Duchesne County.

Recent U. S. Supreme Court decisions have emphasized the need for ongoing sexual harassment training. Merely having a policy in place is no longer enough to protect counties from claims. Elected Officials need to attend. In Utah County, the Sheriff attended with his officers.

Jail Inspections:

The Sheriff's Association will begin jail inspections next week. The Sheriff's have invited me to attend and have given me their schedules. Because of the short notice, I will attend as my schedule permits.

Commissioners expressed an interest at the Commissioner's Workshop in September in receiving a report on jail inspections as they become available.

Personnel Policies:

Wayne County's policies have been completed and are awaiting formal adoption by the County Commission.

I will be meeting with Valeen Brown in two weeks to begin working on policies for Piute County.

While in Duchesne County conducting sexual harassment training, I met with the deputy county attorney and the personnel director and reviewed the county policies. Several changes were recommended and are being made.



### Medical Care in County Jails:

UAC asked that I report on medical care in county jails at the Commissioner's Workshop. The jail inspection reports currently do not require that certain standards be met. Gary DeLand has acknowledged that this needs to be addressed and will most likely make changes to the inspection process.

The legislature is in the process of overhauling the jail reimbursement and contracting programs. The feasibility of pooling jails for the purposes of contracting for medical care is unclear until the reimbursement/contracting legislation is finalized. At that time the Sheriff's will know how the state will handle the payment for medical care for state inmates.

### Road Department Safety Workshops:

On October 1<sup>st</sup>, UACIM presented an hour and a half road department safety workshop at Utah County.

On November 17<sup>th</sup>, UACIM will be participating in the annual San Juan County road department safety meeting. I will be conducting a workshop and UACIM will be providing lunch. The topics include machinery maintenance, grader safety and maintenance, pre-trip inspections, sexual harassment, and accident review procedures.

### Physical Training Standards:

Randy Means will be meeting this afternoon with representatives from the Sheriff's Association, POST, and UACIM personnel directors regarding physical training standards.

Recent Federal Cases have highlighted the need to have valid physical training standards.

### Personnel Committee:

The Personnel Committee met on September 24<sup>th</sup> and set the dates for the annual Personnel Workshop as May 12<sup>th</sup> and 13<sup>th</sup>, 1999 in Cedar City. The price per attendee was set at \$50.00.

The committee was pleased with the response to last year's workshop. But was disappointed that few elected officials--and no commissioners-- attended. It was suggested that I talk with UAC about getting an hour at next year's April meeting to conduct some training with commissioners and other elected officials.



The committee proposed that UACIM conduct personnel training for newly elected officials. The committee directed Shawn to talk with Brent Gardner regarding scheduling training time with newly elected officials.

Suggested topics for newly elected officials:

Unlawful Termination

Title VII Sexual Harassment

Information on the UACIM (i.e. claims procedures, premiums, etc.)

Recruitment, Hiring, Promotions, Interviewing procedures

The committee discussed a proposal for New Day Systems, Inc. a Chicago based drug testing company, to work a deal with the UACIM counties for a reduced rate for drug testing. Peggy Madsen mentioned that Box Elder recently switched companies and she has compared prices. The committee asked that I look into various companies and their prices and report back to the committee. The information could be sent to the counties and the individual counties can make the decision from there.

#### Auto Claims:

See graph.

Three deaths this year.

Elder-\$65032

Davidson-\$37500

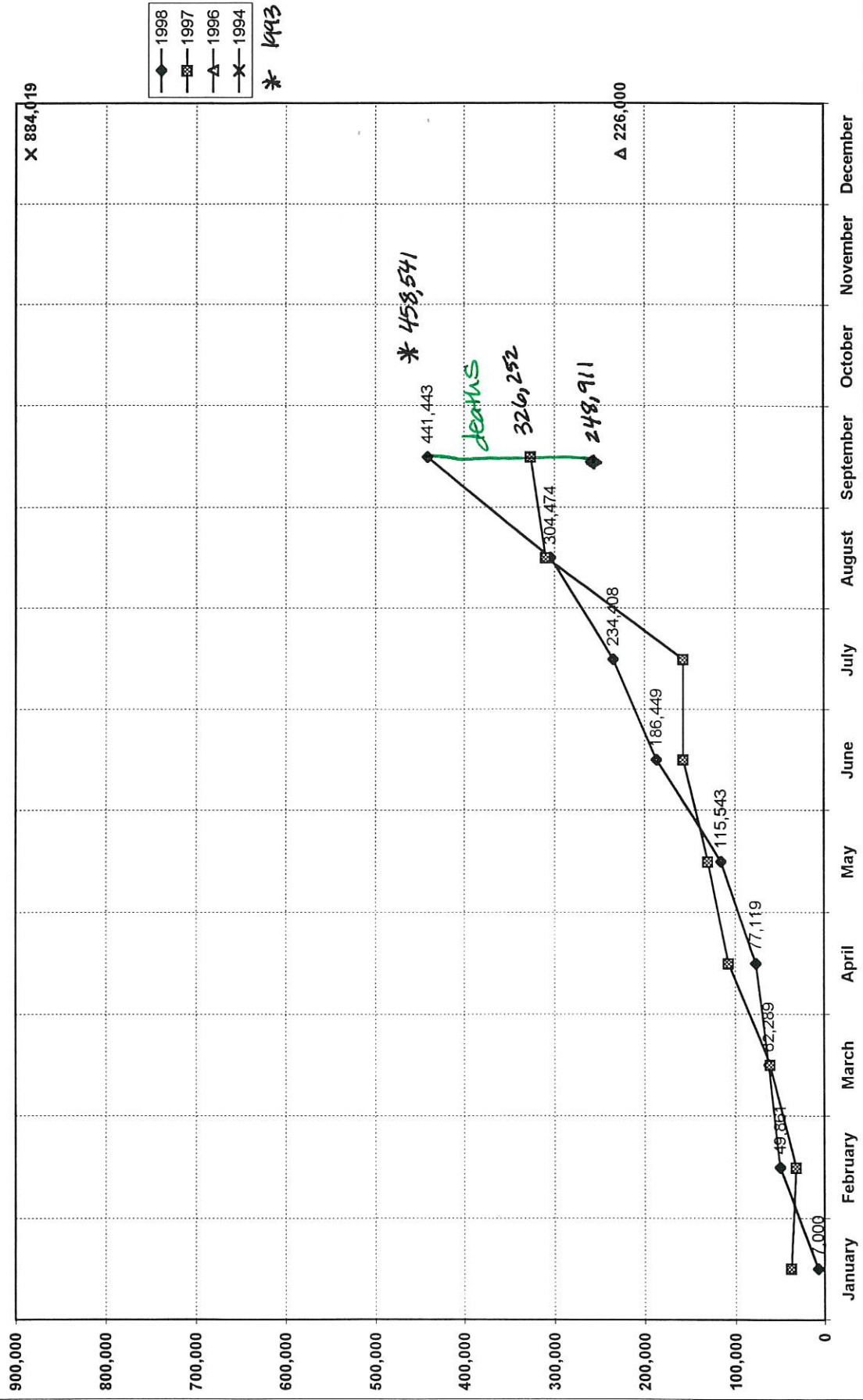
Lyman-\$90000

Total: \$192,532





# UAC INSURANCE MUTUAL AUTO CLAIMS-1997 v. 1998





**UTAH ASSOCIATION OF COUNTIES  
INSURANCE MUTUAL  
1999 RISK MANAGEMENT PROPOSAL**

**1999 PROGRAM YEAR MARKETING RESULTS<sup>(1)</sup>**

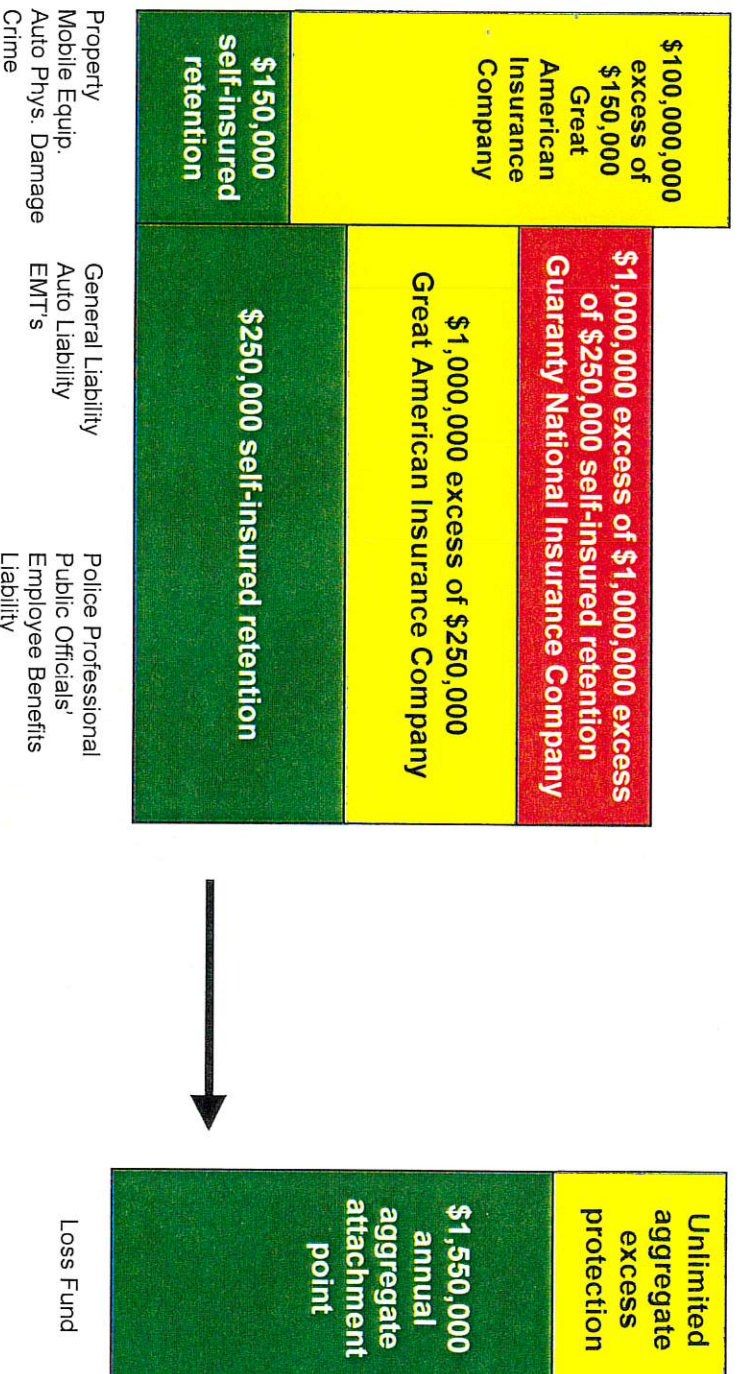
<b>Description</b>	<b>Expiring</b>	<b>Great American</b>	<b>Great American with Reliance</b>	<b>American Reinsurance</b>	<b>American Re with Reliance</b>	<b>Signet Star with Reliance</b>
<b>Option Number</b>		<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
Package	\$526,830	\$495,338	\$403,013	\$449,000	\$384,000	\$405,000
Property (to \$100,000,000 Limit)	Included	Included	112,500	84,378	112,500	112,500
DIC (Flood and Earthquake)	37,636	37,600	Included	Included	Included	Included
Umbrella/Excess (to \$2,000,000 Limit)	49,892	45,000	45,000	79,000	79,000	Included
Boiler & Machinery	26,296	26,296	26,296	26,296	26,296	26,296
<b>Total Premium Cost</b>	<b>\$640,654</b>	<b>\$604,234</b>	<b>\$586,809</b>	<b>\$638,674</b>	<b>\$601,796</b>	<b>\$543,796</b>
Loss Fund (Attachment Point)	1,550,000	1,550,000	1,550,000	1,500,000	1,500,000	1,500,000
<b>Total Cost</b>	<b>\$2,190,654</b>	<b>\$2,154,234</b>	<b>\$2,136,809</b>	<b>\$2,138,674</b>	<b>\$2,101,796</b>	<b>\$2,043,796</b>
Aggregate Excess Protection	Unlimited	Unlimited	Unlimited	\$1,000,000	\$1,000,000	\$2,000,000

<sup>(1)</sup> Does not include Carbon County, which was added October 1, 1998.



# UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL 1999 RISK MANAGEMENT PROPOSAL

## 1999 RISK MANAGEMENT STRUCTURE Option I: Great American Package Program



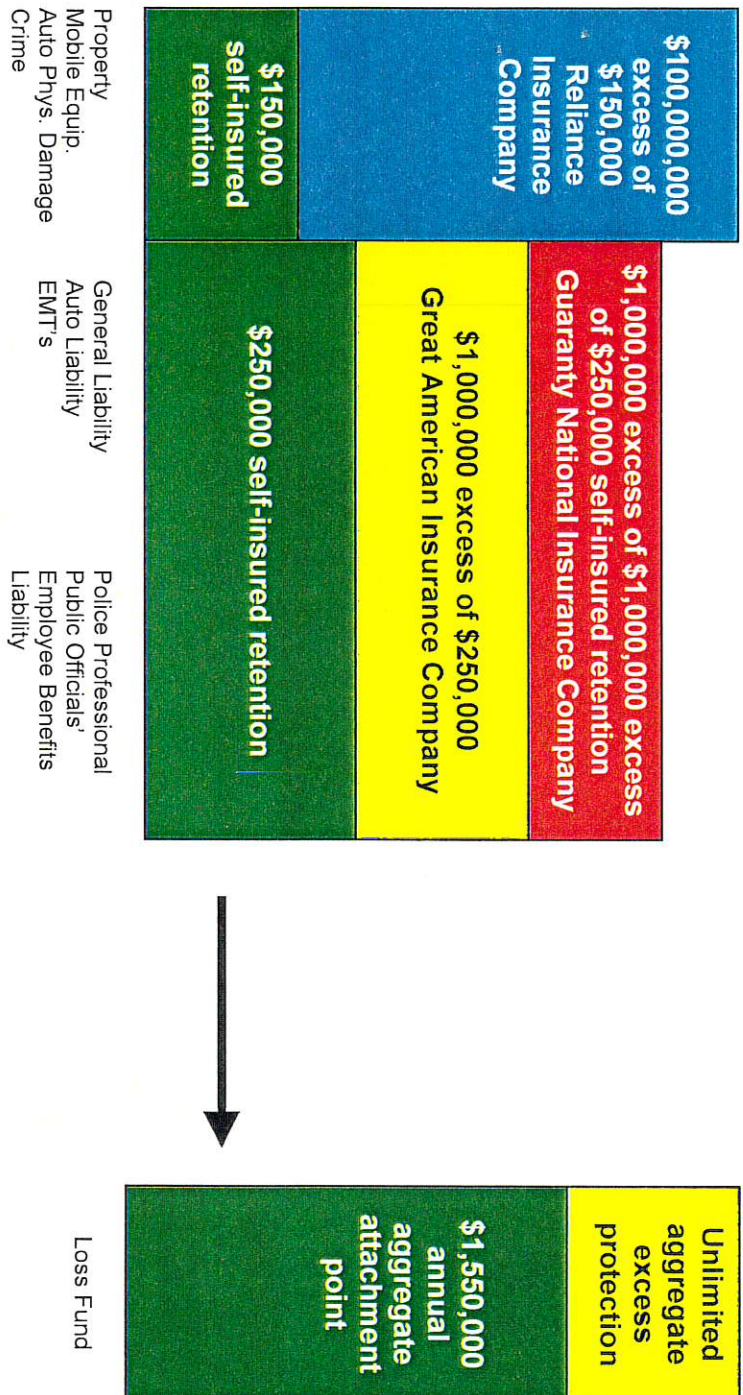
The self-insured retention is a per occurrence retention. Only one retention applies in the event of a multiple coverage part loss.





# UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL 1999 RISK MANAGEMENT PROPOSAL

## 1999 RISK MANAGEMENT STRUCTURE Option II: Great American Package Program with Reliance Insurance Company



The self-insured retention is a per occurrence retention. Only one retention applies in the event of a multiple coverage part loss.





# UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL 1999 RISK MANAGEMENT PROPOSAL

## 1999 RISK MANAGEMENT STRUCTURE Option III: American Reinsurance Co. with Reliance Insurance Co.



The self-insured retention is a per occurrence retention. Only one retention applies in the event of a multiple coverage part loss.



# UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL 1999 RISK MANAGEMENT PROPOSAL

## 1999 RISK MANAGEMENT STRUCTURE Option IV: American Reinsurance Co. with Reliance Insurance Co.



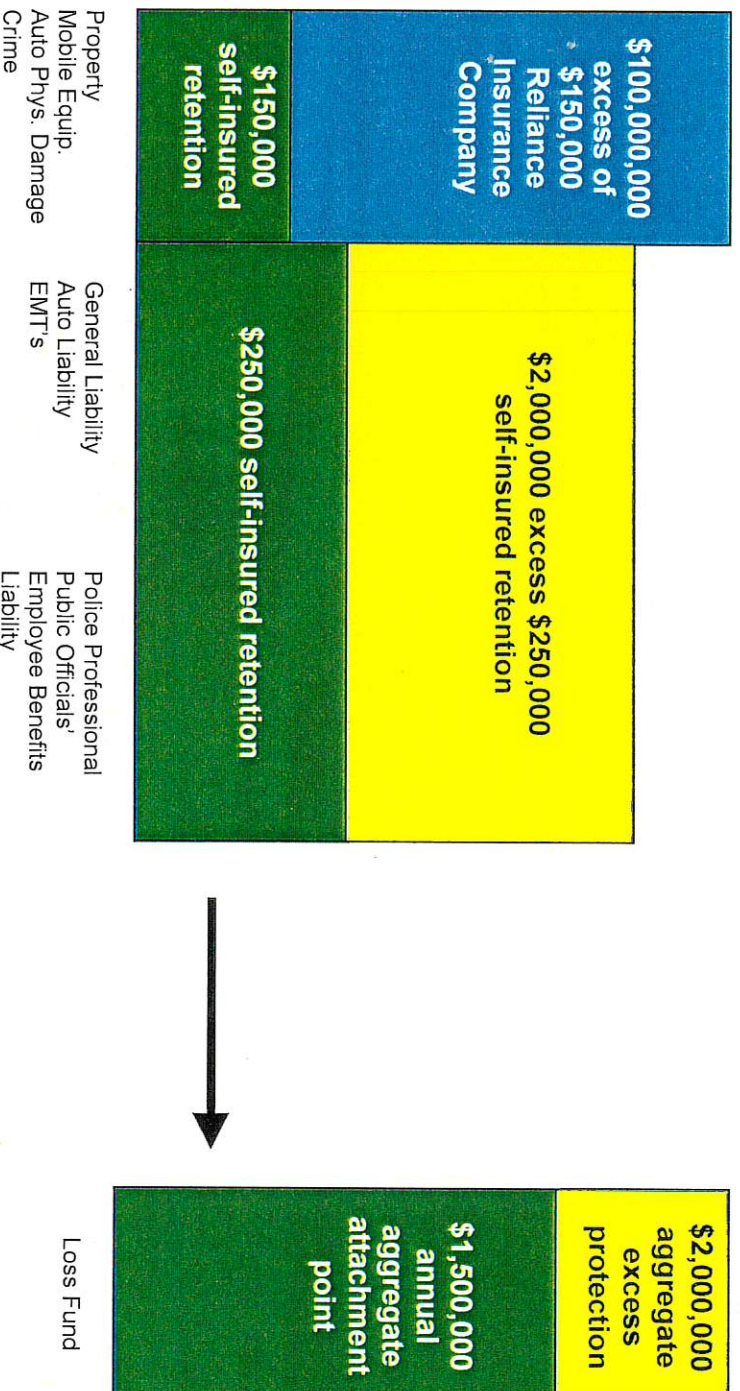
The self-insured retention is a per occurrence retention. Only one retention applies in the event of a multiple coverage part loss.





# UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL 1999 RISK MANAGEMENT PROPOSAL

## 1999 RISK MANAGEMENT STRUCTURE Option V: Signet Star Re with Reliance Insurance Co.



The self-insured retention is a per occurrence retention. Only one retention applies in the event of a multiple coverage part loss.

